

Kent W. Blake
Director
State Regulation and Rates

LG&E ENERGY

LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

November 8, 2004

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Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, Terms and Conditions, Case No. 2003-00434

Dear Ms. O'Donnell:

Following receipt of your letter of October 28, 2004, Mr. John Warren of Kentucky Utilities Company ("KU") contacted Mr. Norman S. Graves, President of National Metal Processing, by telephone to discuss any concerns about his company's energy bills. When speaking with Mr. Warren, Mr. Graves explained that, since sending his letter of October 14, 2004, to the Kentucky Public Service Commission, he had determined that the increases in electric costs experienced by National Metal Processing were a result of increases in peak demand. The actual rate increase for National Metal Processing was 5.61%, not 40%.

Based upon the account history and the phone conference with Mr. Graves, KU believes that National Metal Processing is aware of how to reduce its peak demand. While Mr. Graves indicated that there was no need to visit his company at this time, Mr. Warren has offered to meet with representatives of National Metal Processing in the future to discuss any other concerns that may arise. A copy of a follow-up letter sent to Mr. Graves on November 2, 2004 is attached hereto.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,



Kent W. Blake

Enclosure

cc: Parties of Record

November 2, 2004

National Metal Processing
450 N. Estill Ave
Richmond, KY 40475

Dear Mr. Graves,

It was a pleasure speaking with you by telephone yesterday. The purpose of this letter is to confirm that we reached a mutual understanding regarding your recent energy costs, and to provide you with additional information regarding outage restoration communication.

I am pleased that even before our conversation you had determined that our rate increase was not 40%. As discussed, your actual rate increase during this month was 5.61%. Beyond that, any increase in your monthly cost was due to your peak demand increasing. I have examined your account history and, from our conversation, recognize that you are aware of how to reduce your demand. Although you expressed that there is no need for me to visit your business, I would be more than happy to come by at any time if you want to discuss any other concerns you may have.

In reference to your question about our ability to inform you of the estimated time necessary for repairs in the event of an outage, I have good news. This summer, we implemented a new outage tracking system that is designed to help us keep customers better informed about the progress of repairs. This system enables us to better estimate how long an outage will last once we determine the problem. Thus, we will be able to provide our customers with more timely information in the event of any interruption in service.

If for any reason in the future you have any problem getting through to our Business Service Center at 1-800-383-5582 or 859-367-1200, you can call me directly at 859-367-1217.

Again, I apologize for any misunderstanding you may have had concerning our rate increase. It was a pleasure talking with you.

Sincerely,

John Warren
LGE/KU/ODP
Business Center Specialist